

House File 92 - Introduced

HOUSE FILE 92

BY ISENHART

A BILL FOR

1 An Act relating to the natural resources and outdoor recreation
2 trust fund by increasing the sales and use tax rates and
3 including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.2, subsection 1, unnumbered
2 paragraph 1, Code 2013, is amended to read as follows:

3 There is imposed a tax of six and three-eighths percent upon
4 the sales price of all sales of tangible personal property,
5 consisting of goods, wares, or merchandise, sold at retail in
6 the state to consumers or users except as otherwise provided
7 in this subchapter.

8 Sec. 2. Section 423.2, subsections 2 and 3, Code 2013, are
9 amended to read as follows:

10 2. A tax of six and three-eighths percent is imposed upon
11 the sales price of the sale or furnishing of gas, electricity,
12 water, heat, pay television service, and communication service,
13 including the sales price from such sales by any municipal
14 corporation or joint water utility furnishing gas, electricity,
15 water, heat, pay television service, and communication service
16 to the public in its proprietary capacity, except as otherwise
17 provided in this subchapter, when sold at retail in the state
18 to consumers or users.

19 3. A tax of six and three-eighths percent is imposed upon
20 the sales price of all sales of tickets or admissions to places
21 of amusement, fairs, and athletic events except those of
22 elementary and secondary educational institutions. A tax of
23 six and three-eighths percent is imposed on the sales price of
24 an entry fee or like charge imposed solely for the privilege of
25 participating in an activity at a place of amusement, fair, or
26 athletic event unless the sales price of tickets or admissions
27 charges for observing the same activity are taxable under this
28 subchapter. A tax of six and three-eighths percent is imposed
29 upon that part of private club membership fees or charges paid
30 for the privilege of participating in any athletic sports
31 provided club members.

32 Sec. 3. Section 423.2, subsection 4, paragraph a, Code 2013,
33 is amended to read as follows:

34 a. A tax of six and three-eighths percent is imposed upon
35 the sales price derived from the operation of all forms of

1 amusement devices and games of skill, games of chance, raffles,
2 and bingo games as defined in chapter 99B, and card game
3 tournaments conducted under section 99B.7B, that are operated
4 or conducted within the state, the tax to be collected from
5 the operator in the same manner as for the collection of taxes
6 upon the sales price of tickets or admission as provided in
7 this section. Nothing in this subsection shall legalize any
8 games of skill or chance or slot-operated devices which are now
9 prohibited by law.

10 Sec. 4. Section 423.2, subsection 5, Code 2013, is amended
11 to read as follows:

12 5. There is imposed a tax of six and three-eighths percent
13 upon the sales price from the furnishing of services as defined
14 in section 423.1.

15 Sec. 5. Section 423.2, subsection 7, paragraph a,
16 unnumbered paragraph 1, Code 2013, is amended to read as
17 follows:

18 A tax of six and three-eighths percent is imposed upon the
19 sales price from the sales, furnishing, or service of solid
20 waste collection and disposal service.

21 Sec. 6. Section 423.2, subsection 8, paragraph a, Code 2013,
22 is amended to read as follows:

23 a. A tax of six and three-eighths percent is imposed on
24 the sales price from sales of bundled transactions. For the
25 purposes of this subsection, a "*bundled transaction*" is the
26 retail sale of two or more distinct and identifiable products,
27 except real property and services to real property, which
28 are sold for one nonitemized price. A "*bundled transaction*"
29 does not include the sale of any products in which the sales
30 price varies, or is negotiable, based on the selection by the
31 purchaser of the products included in the transaction.

32 Sec. 7. Section 423.2, subsection 9, Code 2013, is amended
33 to read as follows:

34 9. A tax of six and three-eighths percent is imposed upon
35 the sales price from any mobile telecommunications service,

1 including all paging services, that this state is allowed
 2 to tax pursuant to the provisions of the federal Mobile
 3 Telecommunications Sourcing Act, Pub. L. No. 106-252, 4 U.S.C.
 4 § 116 et seq. For purposes of this subsection, taxes on mobile
 5 telecommunications service, as defined under the federal Mobile
 6 Telecommunications Sourcing Act that are deemed to be provided
 7 by the customer's home service provider, shall be paid to
 8 the taxing jurisdiction whose territorial limits encompass
 9 the customer's place of primary use, regardless of where the
 10 mobile telecommunications service originates, terminates,
 11 or passes through and shall in all other respects be taxed
 12 in conformity with the federal Mobile Telecommunications
 13 Sourcing Act. All other provisions of the federal Mobile
 14 Telecommunications Sourcing Act are adopted by the state of
 15 Iowa and incorporated into this subsection by reference. With
 16 respect to mobile telecommunications service under the federal
 17 Mobile Telecommunications Sourcing Act, the director shall, if
 18 requested, enter into agreements consistent with the provisions
 19 of the federal Act.

20 Sec. 8. Section 423.2, subsection 11, paragraph b,
 21 subparagraph (2), Code 2013, is amended to read as follows:

22 (2) Transfer from the remaining revenues the amounts
 23 required under Article VII, section 10, of the Constitution
 24 of the State of Iowa to the natural resources and outdoor
 25 recreation trust fund created in section 461.31, ~~if applicable~~.

26 Sec. 9. Section 423.2, subsection 13, Code 2013, is amended
 27 to read as follows:

28 13. The sales tax rate of six and three-eighths percent is
 29 reduced to five and three-eighths percent on January 1, 2030.

30 Sec. 10. Section 423.5, unnumbered paragraph 1, Code 2013,
 31 is amended to read as follows:

32 Except as provided in subsection 3, an excise tax at the
 33 rate of six and three-eighths percent of the purchase price or
 34 installed purchase price is imposed on the following:

35 Sec. 11. Section 423.5, subsection 9, Code 2013, is amended

1 to read as follows:

2 9. The use tax rate of six and three-eighths percent is
3 reduced to five and three-eighths percent on January 1, 2030.

4 Sec. 12. Section 423.43, subsection 1, paragraph b, Code
5 2013, is amended to read as follows:

6 b. Subsequent to the deposit into the general fund of the
7 state ~~and after the transfer of such~~ pursuant to paragraph "a",
8 the department shall do the following in the order prescribed:

9 (1) Transfer the revenues collected under chapter 423B,~~the~~
10 ~~department shall transfer.~~

11 (2) Transfer from the remaining revenues the amounts
12 required under Article VII, section 10, of the Constitution
13 of the State of Iowa to the natural resources and outdoor
14 recreation trust fund created in section 461.31.

15 (3) Transfer one-sixth of such remaining revenues to the
16 secure an advanced vision for education fund created in section
17 423F.2. This ~~paragraph~~ subparagraph (3) is repealed December
18 31, 2029.

19 Sec. 13. PURPOSE. The purpose of this Act is to provide
20 for the implementation of Article VII, section 10, of the
21 Constitution of the State of Iowa by fully funding the natural
22 resources and outdoor recreation trust fund as created in
23 section 461.31, pursuant to Article VII, section 10, of the
24 Constitution of the State of Iowa.

25 Sec. 14. EMERGENCY RULES. The department of revenue shall
26 adopt emergency rules under section 17A.4, subsection 3, and
27 section 17A.5, subsection 2, paragraph "b", to implement
28 the provisions of this Act. The rules shall be effective
29 immediately upon filing with the administrative rules
30 coordinator unless a later date is specified in the rules, but
31 not later than July 1, 2013. Any rules adopted in accordance
32 with this section shall also be published as a notice of
33 intended action as provided in section 17A.4.

34 Sec. 15. EFFECTIVE DATE. The following provision or
35 provisions of this Act take effect:

1 1. Except as provided in subsection 2, this Act takes effect
2 on July 1, 2013.

3 2. The section of this Act requiring the department of
4 revenue to adopt emergency rules, being deemed of immediate
5 importance, takes effect upon enactment.

6 EXPLANATION

7 This bill relates to the sales tax imposed on the sale of
8 tangible personal property and the furnishing of enumerated
9 services and to an amendment to the Constitution of the State
10 of Iowa ratified on November 2, 2010, dedicating a portion of
11 state revenue for purposes of benefiting natural resources,
12 outdoor recreation, and soil conservation (Article VII,
13 section 10). The amendment authorizes the general assembly to
14 implement its provisions.

15 The constitutional amendment creates a natural resources and
16 outdoor recreation trust fund (trust fund) within the state
17 treasury. The trust fund and allocations from the fund are
18 codified in Code chapter 461. Moneys in the trust fund cannot
19 be used for any purpose other than protecting and enhancing
20 water quality and natural areas in this state including
21 parks, trails, and fish and wildlife habitat, and conserving
22 agricultural soils in this state. No revenue is credited to
23 the trust fund until the sales tax rate is increased. Whenever
24 the rate is increased, the amount generated by the increase is
25 credited to the fund, but the amount credited cannot exceed the
26 amount that a rate of 3/8 of 1 percent would generate.

27 Currently, the tax on sales and services in Iowa is imposed
28 at the rate of 6 percent. The bill provides for an increase
29 in the rate to 6 and 3/8 percent, and the transfer of these
30 moneys into the trust fund. In 2012, the General Assembly
31 enacted S.F. 2329 (2012 Iowa Acts, ch. 1098) which provided for
32 the transfer of sales tax revenues deposited into the general
33 fund of the state (general fund) into the trust fund when
34 applicable. The bill provides for the same tax rate increase
35 to the use tax and transfer of those revenues from the general

1 fund to the trust fund.

2 The bill does not affect the 5 percent rate imposed on
3 vehicles subject to the issuance of a certificate of title,
4 the use of manufactured housing, or the use of certain leased
5 vehicles.

6 The bill takes effect on July 1, 2013, except for a provision
7 requiring the department of revenue to adopt emergency rules,
8 which takes effect upon enactment.